

PATHways



Pension Administration Technical Help

Highlighting pensions news and legislation that has particular relevance to what we do in pension administration



Autumn Budget 2017

The Chancellor of the Exchequer delivered his [Budget](#) on 22 November, the first since he moved the event back to the autumn. This did not contain any major changes in pension policy from those previously announced, including:

- as expected, the lifetime allowance will increase in line with CPI for the first time in April 2018, raising the allowance for 2018/19 to £1,030,000;
- both the Basic and New State Pension will increase in line with the 'triple lock' by 3%;
- the forthcoming Finance Bill will give HMRC powers to register and de-register master trusts and schemes with sponsoring employers which are deemed to be dormant; and
- in response to a [consultation](#) on financing the growth of innovative firms, the Pensions Regulator (TPR) will issue guidance on how trustees can invest in long-term investment assets such as venture capital and infrastructure.

HMRC: Pension schemes newsletter 92

HM Revenue & Customs (HMRC) has published [Pension schemes newsletter 92](#) which provides updates and additional information on a range of topics including:

- Operation of relief at source for Scottish income tax – a technical specification is now available from HMRC on request and draft regulations will be published shortly;
- Pension Schemes Online – reminder that existing scheme administrator data will be transferred onto the new system in April 2018, and that administrators should log in now to check their details are correct; and
- Paying tax charges – a reminder to schemes to include the charge reference number when making payments.

HMRC: Countdown Bulletin 30

HMRC has published [Countdown Bulletin 30](#) which includes:

- notice that HMRC will not now issue individual statements to members following the GMP reconciliation as had been planned. This is justified by the presence of the online State Pension Forecast service and the anticipated future availability of the Pensions Dashboard; and
- the timeline for the Scheme Reconciliation Service process through to the final membership scan being issued in March 2019. The deadline for submitting membership queries to the Service is 31 October 2018.

DWP guidance on safeguarded-flexible pension benefits

The Department for Work & Pensions (DWP) has issued guidance explaining the provisions of regulations which cover new requirements for trustees and scheme managers where members have so-called safeguarded-flexible benefits. These are benefits which have the characteristics of both safeguarded and flexible benefits, for example DC funds with a guaranteed annuity rate. The regulations are intended to come into force in April 2018.

The guidance gives further detail on the regulations and the new duties they place on trustees or scheme managers. These include sending tailored risk warnings to members with safeguarded-flexible benefits, and making transitional arrangements due to the change in valuation methodology for the advice requirement threshold.

Finance (No 2) Act 2017

The [Finance \(No 2\) Act](#) 2017 gained Royal Assent on 16 November. This finally brought into law the pension provisions which were stripped from the original Bill due to the impending general election as covered in [PATHways 75](#). These were:

- the reduction of the Money Purchase Annual Allowance from £10,000 to £4,000, backdated to 6 April 2017; and
- the introduction of income tax relief for employer-funded pensions advice up to £500 for each tax year for members broadly within five years of their normal minimum pension age, also backdated to 6 April 2017.

Pension Protection Fund bridging pension draft amendments

The DWP has launched a [consultation](#) on draft regulations intended to correct an anomaly regarding the treatment of bridging pensions when schemes transfer to the Pension Protection Fund (PPF). Members who entered the PPF whilst in receipt of a bridging pension currently continue to receive PPF compensation for life based on their initial pension. Had their scheme not entered the PPF, their pension would have reduced at State Pension Age or some other specified date.

The Government had initially favoured moving to PPF compensation based on an ongoing actuarial reduction to pensions, reflecting the lower level of pension which would have applied from the future date. However, respondents to the consultation preferred a one-off reduction more in line with the original scheme rules. The new consultation is on regulations which would achieve this using a separate benefit tranche. The relevant amounts and decrease date will be set at the PPF assessment date. The consultation closes on 3 December 2017.

TPR 21st century trusteeship

TPR has been continuing its 21st century trusteeship programme, with its most recent post being about [clear purpose and strategy](#). The post includes a sample business plan and annual planner for trustees' reference.

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